



Collective Action

Dr. Gautam Ray

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Graduate School of Management, Kyoto University, Japan

What is Collective Action ; What is Collective Action Problem

- Collective action is common people's joint performance of any activity with the objective of producing and maintaining common goods and resources
- Common good/resource refers to any social output/resource that can be produced and equitably consumed by all people across generations
- Maintenance and preservation of common resources such as lakes, ponds, forestry, fisheries
- Inclusive social/political institutions that increases individual's labor productivity are also common good/resource
- Accessibility to such goods/resources among common people determine productivity growth of value-generating activities of individuals and social groups
- The problem of collective action was first explored by Mancur Olson in his seminal work, *Logic of Collective Action* (1965)
- Olson (1965) argued that there was an inherent incentive problem in producing public goods, common goods or merit goods through collective action. This is referred to as Collective Action Problem (CAP)
- "Unless the number of individuals in a group are quite small or unless there is coercion or some other special device to make individuals act in their common interest, rational self-interested individuals will not act to achieve their common or group interest" (Olson, 1965).

Mancur Olson's "The Logic of Collective Action"

- Individual rationality prevents the formation of large groups because there is no way the cost and benefits of the provision of collective good by the larger group can be equitably shared by all individual members
- A small section within a larger group beneficiaries of the common good/resource may invest time, money and efforts for the provision of common goods/resource while vast majority of other beneficiaries free ride or contribute very little even though they derive equal benefits
- In view of this problem of free riding or narrow utility maximizing behavior, the common good/resource is not provided
- Mainstream economists suggest two ways to solve the problem: assign property rights to the contributors who provide for such common goods
- Second, common good is provided from out of tax revenue
- Their suggestion comes from their belief that individuals are self-centric and they idolize individual's myopic utility maximizing behavior.

Collective Action of Social Groups of Common Citizenry

- But despite this theory of collective action problem of economists, there are many empirical evidence of successful collective action, especially in Common Property Resource, CPR, management
- Collective action also plays an important role in the development of common goods/resources such as inclusive institutions such as affirmative action for marginal people for promoting inclusive growth and also for curbing corruption and influence of special interest groups
- Historical Example: Swami Vivekanand's collective action, Ramakrishna Mission, of Shiva Jnane Jiva Seva; Ambedkar's collective Action for affirmative action; Gandhi's collective action for non-violent freedom movement; Martin Luther King Jr.'s collective action for human rights and social justice for African-American population.
- Collective action for access to non-private goods/services:
 - Excludable but not rival: access to quality education through reservation
 - Rival but not excludable: equitable access to environmental resources, common property resource
 - Partly excludable and partly rival: access to roads and public infrastructure capital for poor people in rural areas

Prisoner-Dilemma

- PD game captures the strategic behaviour of two or more prisoners who do not communicate
- they face a pay-off function structure for confessing vis-a-vis not confessing the crime
- If both do not confess, they get least sentence, say 1 year, and if both confesses they get 3 years sentence; but if one confesses and the other does not, the confessing prisoner get 2 years sentence while the other prisoner gets 10 years
- Dominant strategy: regardless of what other prisoner does, each one finds confession as the more beneficial strategy
- Both confess and both suffer 3-year prison terms, while they could have got 1 year if both prisoners did not confess; sub-optimal outcome
- In a n-player one-shot prisoner dilemma game, the problem persists and gets worse as n becomes large
- Confession gives both a moderate sentence which is higher than the lightest (which both would have got had they not confessed) but much lower than the harshest sentence which one would have got if he did not confess while the other did
- Repeated games between the same two individuals show that they learnt the strategy and chose not to confess in the latter games.

PD Game Insights: Free riding

- The choice that is least costly to rational individuals is one of free riding: not investing on the provision of common goods that benefit all collectively
- "If individuals is to spend money for private and public uses so that his satisfaction is maximized, he will obviously pay nothing whatsoever for public purposes (at least if we disregard fees and similar charges)." (Wicksell[1896]1967, p.81)
- Rational individuals will not cooperate and shall not collectively invest to produce collective goods because the choice of free riding is the dominant strategy or the strategy that is expected to produce an outcome that appears to be least costly to them

Garett Hardin's Tragedy of Commons

- Commons are non excludable natural resources such as park, forestry and fisheries
- They are doomed to be over exploited by wealthy individuals who have the means to exploit these resources to the maximum extent possible
- The result of rational behaviour of the wealthy is the eventual destruction of the common resource
- The cost of extinction is shared by all while the benefit of overexploitation is appropriated by only the rich who can indulge in such over-exploitation
- “ Therein is the tragedy. Each man is locked into a system that compels him to increase his herd without limit-in a world that is limited. Ruin is the destination toward which all men rush , each pursuing his own best interests in a society that believes in the freedom of the commons.”(Hardin, 1968)
- Overexploitation of common resources of bank credit by a few large businesses- does it not sound like ‘Hardenian Tragedy’? Yes, it does.

Collective Action Problem: Roots of Failure of Collective Action

- self-centred behaviour of rational individuals even if it is costly to the society
- Lack of knowledge or care for a superior social outcome if all had cooperated
- Lack of communication among common people about the potential benefits of cooperation and collective investment for common good
- Lack of trust that such cooperation can be sustained and the costs and benefits of collective action can be equitably distributed
- Lack of institutional and cultural milieu favouring trust and cooperation

More Recent Collective Action Literature

- Ray(2013,2015)defines collective action as a range of actions a group of people collectively perform with a view to i) resolving the collective action problems; ii) producing common goods/resources; and iii) distributing its cost and benefit in a legitimate manner
- Collective action problem is resolved through development of community-based oversight organization and effective institutional mechanism as shown in the following empirical works
- Elinor Ostrom (1990, 2000)
- Anirudh Krishna(2004)
- Paul Seabright (1993)
- Norman Uphoff (1993)
- Pranab Bardhan(1993) has reviewed the extant literature on the subject

Elinor Ostrom's Theory of Collective Action for managing Common Property Resources

- Formation of nucleus of trust and reciprocity for cooperative behaviour through a human network of users who constitute a group with some clear and agreed-upon boundary rules for entry of new members into the network
- The presence of a leader or entrepreneur as pointed out by Varughese, 1999 and Frohlich et.al., 1971 is an important stimulus
- Institutional mechanism is to be put in place for providing incentives for cooperative behaviour and sanction/ punishment for non-cooperative or selfish behaviour
- Face to face communication among the members of the group helps the survival of the trustworthy types in the group and the cooperative outcome
- This is why collective action at the level of local community is sustainable and productive

Wade (1987)'s set of conditions that increase the likelihood of Collective Action

- 1. The smaller and more clearly defined are the boundaries of the common pool resources, the greater is the chance of success for collective action
- 2. The higher the cost of exclusion technology (such as fencing) the better the chances of success
- 3. The greater the need for such resources, the greater the chance of its success
- 4. users' knowledge of sustainable yields improves the chance of success
- 5. The smaller the size of the group is , the higher is the chance of success
- 6. The greater the overlap between the location of common property resources (CPR) and the residence of the users , that is, higher their accessibility, the greater is the chance of success
- 7. The more powerful the beneficiaries are the higher is the chance of success
- 8. The more the users have joint rules for purposes other than common pool resources and the more bite those rules have on the defaulters , that is, the higher the level of institutional capital and its compliance level in a community, the higher is the chance of success

Ray (2013): Four Foundations of Collective Action

- Shared Knowledge and its accessibility
- Freedom of individual choice and preference ranking
- Focal and potential actors
- Social and political contexts

Shared Knowledge and its accessibility

- Shared knowledge or mental model is the pool of knowledge or shared cognitive models or ideas about any social/political issue including the problem of commons and inadequate provision of public/ quasi public goods and services
- The shared knowledge evolve (in the case of dynamic mental models or creative ideas) or formed (in the case of static models or ideology) as people communicate and exchange ideas on these issues in families, localities, educational institutions, press and electronic media, and socio-political settings
- The institutionalization of this process of interaction or diffusion of mental models or ideas is the key to the development of shared knowledge and growth of its accessibility
- Different individuals have different levels of i) understanding the relevance and critical importance of addressing such issues; and ii) accessibility to shared knowledge of the potential benefits of collective action

Preference Evolves Endogenously

- We break away from the neoclassical economic theory that rational individuals are necessarily myopic utility maximizers
- We argue that they are not blind towards longer term beneficial social outcomes that come from cooperative behaviour; They have a two dimensional preference structure: a) their narrow self-interests, that is, their private material benefits; and b) perceived or assumed benefits that are unrelated to their narrow self-interests
- Individual concerns for self-interests is higher for individuals with higher preference for material benefits over non-material preference
- Non-material preferences include concerns for spiritual, moral and ethical values, principles, altruism, trustworthiness, sense of duty, social responsibility, commitment, justice, fairness, and equity
- These preferences come from values, norms, beliefs and definitions of individuals whose meaning and purpose of life include their pursuit of truth, freedom and human excellence
- These preferences develop over the years by accessing shared knowledge or shared mental models about public ethics and social responsibility through education and wider socio-cultural milieu
- The acquired value system places such social concerns on a higher normative plane than that of wealth or money above a threshold level
- Different individuals attach different weights to these preferences
- Focal actors or free agents of change place higher weights non material well being

Focal Actors and Potential Actors: Nucleus of Trust

- A few individuals in any society or community can access such shared knowledge or mental model and internalize them better than others. They are called focal actors or free agents of change
- Focal actors internalize shared knowledge because they value non-material well-being higher than the vast majority of common people
- Driven by their knowledge, altruism, sense of duty and justice, commitment and social responsibility they strive to achieve their non-material well being by investing on and organizing the nucleus of trust for collective action
- This nucleus of trust is the seed for organizational and institutional development that is necessary for solving collective action problems
- As they disseminate shared knowledge to common people, they draw some trustworthy people around them who also see the need for resolving collective action problems and invest on producing the desired common good for their collective benefit; the nucleus of trust is thus formed
- Trustworthy people who are motivated by the focal actors and decide to follow the lead provided by the focal actors are called potential actors

Social Context: Objective conditions for collective action

- Dissemination of shared knowledge by focal actors and forming the nucleus of trust with potential actors require a set of objective conditions in the society and polity. They are:
- Freedom of individuals to access shared knowledge and form social groups or civil societies
- Level of democratization of the society including existence of independent press and electronic media, judiciary, educational institutions and civil societies
- The network of focal actors with high preference for non-material well-being
- The degree of state failure in providing common goods
- Opportunities to develop values, social norms and institutions that promote the preference for non-material well being

Sustaining Collective Action: Factors

- Benefit of collective action has to be tangible; it must be fairly distributed
- Shared knowledge continues to be developed endogenously
- The accessibility to such shared knowledge and its understanding among common people continue to grow
- Investment for continual development of organizational nucleus of trust needs to be maintained by the network of focal and potential actors
- Objective social and political conditions need to be conducive for sustaining common peoples' preference for collective action

Collective Action Against Corruption in India

- Three movements for collective action against corruption were initiated in India since 1970s
- Two of them succeeded in changing incumbent federal governments while the most recent one put in power in the state of Delhi a new political party, Aam Admi Party, that emerged from the collective action.
- But these collective anti corruption movements could not be sustained. Why?
- The network of focal actors, namely Jai Prakash Narain-Young Turks ; V.P.Singh-Janata Dal; and Anna Hazare-Kejriwal networks collapsed as they drifted away from their focus on institutionalizing anti corruption measures
- The shared knowledge/ mental model that common people could derive tangible benefit from collective action against corruption lost its validity as the focal actors drifted away from the movement for eradication of corruption